

Message Text

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ORIGIN AF-08

INFO OCT-01 EUR-12 ISO-00 AID-05 EB-08 IGA-02 OMB-01
TRSE-00 CIAE-00 INR-07 NSAE-00 AS-01 FEAE-00 ERDA-05
OES-06 INT-05 /061 R

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AFR/SFWA:IROSENTHAL (SUBS)

EUR/WE:JSMITH

-----041427Z 018903 /44

R 040244Z MAR 77

FM SECSTATE WASHDC

TO AMEMBASSY NIAMEY

INFO AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ENRG, NG, US

SUBJECT: CONOCO'S INTEREST IN NIGER URANIUM

1. MESSRS. M. R. LEE AND R. W. HEGGLAND VISITED DEPARTMENT (AF/W) MARCH 1 TO INQUIRE ABOUT PROSPECTIVE CHANGES IN AID'S LEGISLATIVE MANDATE. CONOCO OFFICIALS SPECIFICALLY ASKED IF AID MIGHT IN NEAR FUTURE RESUME FINANCING OF ROAD CONSTRUCTION PROJECTS. DEPTOFFS REPLIED THAT PROPOSED SAHEL DEVELOPMENT PROGRAM LEGISLATION DID INCLUDE GREATER FLEXIBILITY ON INFRASTRUCTURE PROJECTS. HOWEVER, AID IN ALL PROBABILITY WOULD NOT REPEAT NOT BE INTERESTED IN PARTICIPATING IN CONSTRUCTION OF TAHOUA-ARLIT ROAD, AS THIS ROAD DOES NOT TIE IN WITH RURAL DEVELOPMENT ORIENTATION OF SAHEL DEVELOPMENT PROGRAM.

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2. CONOCO OFFICIALS SHARED THEIR IMPRESSIONS OF RECENT VISIT TO NIAMEY AND DISCUSSIONS WITH GON OFFICIALS. CONSTRUCTION OF THE TAHOUA-ARLIT ROAD WILL BEGIN IN THE NEAR FUTURE, AS 84 PERCENT OF ESTIMATED COST OF ROAD CONSTRUCTION NOW PLEDGED BY OTHER (NON-AMERICAN) URANIUM COMPANIES. MINISTER OF MINES MOUNKEILA INFORMED CONOCO

THAT TERMS OF ORIGINAL ROAD PROTOCOL CANNOT BE ALTERED, AND THAT CHARTER SUBSCRIBERS MUST SIGN PROTOCOL BY JUNE 30, 1977, DEADLINE. CONOCO OFFICIALS LEARNED THAT LUXEMBOURG HOLDING COMPANY (FORMED FOR THE PURPOSE OF BUILDING TAHOUA-ARLIT ROAD) WILL HOLD ITS FIRST MEETING MARCH 15 IN LUXEMBOURG.

3. CONOCO OFFICIALS STATED THAT ALTHOUGH THEIR FIRM IS UNHAPPY RE TERMS OF ROAD PROTOCOL, THEY WILL PROBABLY SIGN IT IN ADVANCE OF JUNE 30 DEADLINE. CONOCO LAWYERS HAVE ADVISED MINERALS DIVISION THAT TERMS OF PROTOCOL DO NOT CONTRAVENE US LAW CONCERNING OVERSEAS TRANSFERS. CONOCO ESTIMATED THAT ITS SHARE OF ROAD FINANCING WOULD TOTAL APPROXIMATELY DOLS 15 MILLION, AS OPPOSED TO TOTAL COST OF DOLS 200 MILLION FOR THE EVENTUAL OPENING OF URANIUM MINE. IN BEST OF ALL POSSIBLE WORLDS, CONOCO DOES NOT EXPECT PRODUCTION FROM ITS MINE TO BEGIN BEFORE LATE 1981. COMINAK, JAPANESE CONSORTIUM, PLANS BEGIN PRODUCTION FROM ITS MINE IN ABOUT SIX MONTHS. THIS WILL BE SECOND URANIUM MINE IN OPERATION IN NIGER.

4. COMMENT: CONOCO OFFICIALS APPARENTLY HOPED FOR SOFTENED TERMS FOR THEIR URANIUM OPERATION IN NIGER. NOW THAT GON HAS EMPHASIZED TERMS OF ROAD PROTOCOL ARE IMMUTABLE, CONOCO WILL SIMPLY HAVE TO LIVE WITH THEM. END COMMENT.

5. FYI: MR. HEGGLAND IS EXECUTIVE VICE PRESIDENT OF CONOCO'S MINERALS DEPARTMENT, AND MR. LEE SERVES AS HIS LIMITED OFFICIAL USE

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GENERAL MANAGER. THEY STATED THAT CONOCO HAS OPENED PERMANENT OFFICE IN NIAMEY STAFFED BY ONE OFFICER FROM THEIR DEPARTMENT. END FYI.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, MINING, URANIUM, HIGHWAYS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE048203
Document Source: CORE
Document Unique ID: 00
Drafter: 3/77 X23066
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770075-0471
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770391/aaaadcpl.tel
Line Count: 101
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 87b0adbd-c288-dd11-92da-001cc4696bcc
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3204789
Secure: OPEN
Status: NATIVE
Subject: CONOCO'S INTEREST IN NIGER URANIUM
TAGS: ENRG, NG, US, CONOCO
To: NIAMEY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/87b0adbd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009